

Message Text

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SUBJECT: THE COALITION AFTER TWO YEARS

1. HALFWAY THROUGH ITS MAXIMUM FOUR-YEAR TERM IN OFFICE, INDEPENDENCE PARTY-PROGRESSIVE PARTY COALITION HAS SHOWN SURPRISING DEGREE OF STAYING POWER. GOVERNMENT IS IN FACT, BY GENERAL CONSENSUS HERE, STRONGER NOW THAN AT ANY TIME BEFORE.

2. THIS IS NO SMALL ACHIEVEMENT WHEN IT IS RECALLED THAT COALITION WAS MARRIAGE OF CONVENIENCE BETWEEN LONG-TIME, JEALOUS RIVALS, WHO AGREED TO FORM GOVERNMENT ONLY AS LAST RESORT. MOREOVER, IN REACHING THIS POINT, COALITION HAS MANAGED TO SURMOUNT SERIES OF PROBLEMS, EACH OF WHICH, AT TIME, POSED THREAT TO ITS COHESIVENESS.

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3. MOST SERIOUS OF THESE WAS 1975-76 FISHERIES DISPUTE WITH

UK WHICH, BECAUSE OF INTENSE POPULAR EMOTIONS AROUSED LOCALLY, OFFERED TEMPTATION FOR EITHER PARTY TO ABANDON "STATESMANLIKE" COURSE AND PLAY ON NATIONALISTIC SENTIMENT FOR POLITICAL GAIN AT OTHER'S EXPENSE. ADDITIONALLY, COLD WAR'S SPILLOVER INTO SENSITIVE DEFENSE ISSUES SPOTLIGHTED DIFFERENT ATTITUDES OF COALITION PARTNERS TOWARD ROLE AND VALUE OF NATO AND US-MANNED ICELAND DEFENSE FORCE, THUS ADDING TO STRAINS ON GOVERNMENT AT DIFFICULT TIME. SUCCESSFUL HANDLING OF FISHERIES DISPUTE IS CITED BY SOME POLITICIANS AS WATERSHED FOR GOVERNMENT IN THAT IT PROVED BOTH ITS MATURITY AND ITS ABILITY TO MEET MOST SEVERE TEST OF UNITY.

4. OTHER ISSUES THAT COULD HAVE DRIVEN WEDGE BETWEEN COALITION PARTIES INCLUDE:

-- PERSISTENT TROUBLE WITH ORGANIZED LABOR, TOWARD WHICH GOVERNMENT PARTIES HAVE MARKEDLY DIFFERENT VIEWS;

-- NEGOTIATION AND IMPLEMENTATION OF DEFENSE MOU WITH US, SOMETHING PP INSISTS IT ACCEPTED ONLY AS TEMPORARY EXPEDIENT;

-- ALLEGATIONS OF CRIMINAL COVERUP AGAINST PP CHAIRMAN JOHANNESSEN, WHO RESPONDED BY ATTACKING ELEMENTS OF IP AND ACCUSING THEM OF STAB IN BACK.

5. KEEPING COALITION INTACT THROUGH THESE TRIALS HAVE BEEN BASICALLY SAME INFLUENCES THAT PRODUCED IT IN FIRST PLACE. THESE INCLUDE, ON ONE LEVEL, SIMPLE DESIRE FOR GOVERNMENT POWER, WHICH BOTH IP AND PP SHARED TO HIGH DEGREE AFTER 1974 ELECTION. ONCE HAVING AGREED TO FORM GOVERNMENT, UNDER WHAT PARTIES THEMSELVES EMPHASIZED WERE CRISIS CONDITIONS, NEITHER PARTNER WAS EAGER TO RISK ELECTORAL REPROACH FOR ABANDONING EFFORT.

6. OF COURSE, IN LESS SELF-SERVING VEIN, PARTIES WERE AND ARE DEEPLY CONCERNED OVER SERIOUS PROBLEMS, ESPECIALLY ECONOMIC ONES, AFFECTING COUNTRY. ECONOMIC TROUBLES, WHICH HAD ALREADY BROUGHT DOWN LEFTIST GOVERNMENT IN SPRING OF 1974, LOOMED EVEN LARGER THROUGH THAT SUMMER AS POLITICAL PARTIES LIMITED OFFICIAL USE

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GROUPED UNSUCCESSFULLY TO FORM NEW COALITION. ALTHOUGH IP AND PP HAVE SINCE MAGNIFIED INTO HEROIC PROPORTIONS ACCOUNT OF HOW THEY STEPPED IN TO SAVE SITUATION, FACT REMAINS THAT OUTLOOK WAS BLEAK AND NO OTHER COALITION POSSIBILITY WAS IN SIGHT.

7. FINALLY, COOPERATION BETWEEN COALITION PARTNERS HAS HAD STRONG BACKING (WITH ONE OR TWO DEVIATIONS) FROM TOP

LEADERSHIP AND PRESS OF BOTH IP AND PP. LEADERS PROMISED FROM START THEIR UTMOST EFFORT TO HOLD GOVERNMENT TOGETHER AND, IN FACE OF MUCH SKEPTICISM, IT BECAME ALMOST ARTICLE OF FAITH THAT THEY WOULD SUCCEED.

8. NOTWITHSTANDING TWO YEARS OF COOPERATION, RELATIONS BETWEEN COALITION PARTNERS HAVE NOT BEEN WARM OR EVEN NECESSARILY SMOOTH. PUBLIC SNIPING AT EACH OTHER OVER VARIETY OF ISSUES HAS BEEN COMMONPLACE AND, AT TIMES, ACRIMONIOUS. BEHIND THE SCENES, THERE HAVE BEEN HEATED STRUGGLES. NEITHER PARTY HAS COMPROMISED ANY OF ITS OWN MAJOR INTERESTS, NOR IS IT LIKELY TO DO SO. (QUOTE THE CONTRARY: IN INSTANCE CITED BY IP'S AS EXAMPLE OF DIFFICULTY IN DEALING WITH PROGRESSIVES, LATTER ALLEGEDLY DEMANDED, AS PRICE FOR SUPPORT OF EMERGENCY REVENUE BILL TO STRENGTHEN COAST GUARD AT HEIGHT OF COD WAR, DIVERSION OF PART OF INCREASED REVENUE TO WHOLLY UNRELATED RURAL PROJECTS.) MUTUAL RESPECT -- TINGED WITH SUSPICION --- RATHER THAN REAL UNITY HAS CHARACTERIZED COALITION RELATIONSHIP.

9. TO SUSTAIN THIS TYPE OF ACCOMMODATION, PRICE HAS HAD TO BE PAID. THOUGH DISASTROUS ECONOMIC SLIDE OF TWO YEARS AGO HAS BEEN CURBED AND KEY GOAL OF CONTINUED FULL EMPLOYMENT REALIZED, SERIOUS ECONOMIC PROBLEMS REMAIN. GOVERNMENT HAS NEVER INSTITUTED COMPREHENSIVE ECONOMIC PROGRAM PROMISED IN ITS PLATFORM, MAINLY BECAUSE CONFLICTING INTERESTS OF IP AND PP INHIBIT AGREEMENT ON MAJOR REFORMS. WITH FISHERIES CRISIS BEHIND IT, COALITION HAS NOW PROMISED TO TURN FULL ATTENTION TO ECONOMY. IT IS DOUBTFUL, HOWEVER, WHETHER MORE CAN BE EXPECTED THAN SIMPLY CONTINUATION OF PIECEMEAL APPROACH TAKEN THUS FAR.

10. COALITION'S OWN VIEW OF RECORD TO DATE HAS BEEN REF-
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LECTED IN RECENT FLURRY OF EDITORIALS AND OTHER COMMENTS MARKING ITS TWO YEARS IN OFFICE. EXTENSION OF FISHING LIMIT TO 200 MILES AND RESOLUTION OF FISHERIES DISPUTE WITH UK ON WHAT ARE SEEN AS TERMS DISTINCTLY FAVORABLE TO ICELAND CLEARLY HEAD LIST OF ACCOMPLISHMENTS. WITH ONLY PASSING EXPRESSION OF INTEREST IN POSSIBLE BRITISH/EC WISHES WHEN CURRENT AGREEMENT WITH UK EXPIRES IN DECEMBER, PRO-GOVERNMENT PRESS IS PROCLAIMING IMMINENCE OF ICELAND'S LONG-SOUGHT SOLE AUTHORITY OVER 200-MILE FISHING ZONE. PARTIES ARE ALSO PLEASED, THOUGH FOR DIFFERENT REASONS, WITH 1974 DEFENSE MOU WITH UNITED STATES. FINALLY, GOVERNMENT ACKNOWLEDGES THAT ITS ECONOMIC EFFORT HAS NOT BEEN AS FRUITFUL AS WAS HOPED, BUT PROGRESS HAS BEEN MADE AND MORE IS PROMISED.

11. ALL CALCULATIONS COULD OBVIOUSLY BE UPSET -- MOST

DRAMATICALLY, PERHAPS, BY NEW FISHERIES WAR -- BUT AT MOMENT
IT IS SAFE TO SAY THAT IP AND PP ARE SATISFIED WITH RECORD
TO DATE AND CONFIDENT IT WILL SERVE THEM WELL IN NEXT ELEC-
TION.
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